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INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE
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RHMFISS/DEPT OF JUSTICE WASHINGTON DC
RHEHNSC/NSC WASHDC
RUEKJCS/OSD WASHDC
RHMFISS/JOINT STAFF WASHINGTON DC

S E C R E T SECTION 04 OF 04 PANAMA 001662

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DEPT FOR WHA/CEN
PASS TO ELIA TELLO
NSC PASS TO DAN FISK

E.O. 12958: DECL: 08/25/2016
TAGS: [PREL](#) [PGOV](#) [ECON](#) [KCRM](#) [SNAR](#) [ETRD](#) [ELAB](#) [CU](#) [PM](#)
SUBJECT: WORRIED TORRIJOS DROPS IN ON AMBASSADOR

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much (if not more) of a referendum on his administration than on the merits of the Canal project. However, the GOP has done little in recent months to boost public trust in the government's anti-corruption bona fides, in general, and on the Canal project's cost estimates, in particular. A number of AmCham members recently groused to the Ambassador and other Emboffs that the GOP and the Panama Canal Authority continue to fumble the PR campaign for the "Yes" vote and have allowed opponents to seize the momentum. Recent episodes, such as Torrijos' recent ouster of Bank Superintendent Delia Cardenas (ref B) and a recent change in Panama's capital gains tax law that enabled Banistmo's well-connected shareholders to avoid some \$400 million in taxes, may exacerbate the public's mistrust of the GOP and strengthen the hand of Canal expansion opponents.

¶14. (S) We share Torrijos' concern about the growing traction of the "no" forces, which were, until recently, virtually discounted. In today's politically charged environment, every action, including those of the Embassy, is analyzed in microscopic and sensationalized detail. It is in the U.S. interest that the Panama Canal be expanded to maintain and enhance its utility to global maritime commerce. We are engaging key opposition leaders and other forces to take their pulse on this matter of Panamanian national importance. We will urge them to clarify their positions and show leadership. End comment.

